

## Message Text

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ORIGIN ARA-14

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INRE-00 SP-02 PM-05 EB-08 H-01 OES-07 /065 R

DRAFTED BY ARA/PAN:DGWAGNER:LKB  
APPROVED BY ARA/PAN:EJNADEAU  
-----080834 102334Z /65

Z 102316Z AUG 77 ZFF4  
FM SECSTATE WASHDC  
TO AMEMBASSY PANAMA FLASH

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STADIS////////////////////////////////////  
FOR AMBASSADORS BUNKER AND LINOWITZ

E.O. 11652: GDS

TAGS:PFOR, PN

SUBJECT:CANAL TREATY FACTSHEETS

1. THE FOLLOWING IS FACTSHEET ABOUT THE TREATY WHICH WE  
HAVE DRAFTED AND DISCUSSED WITH INTERESTED OFFICES IN THE  
DEPARTMENT, WE ARE SENDING A  
LONGER VERSION (FACTSHEET  
NUMBER 2) BY SEPTTEL. WE PLAN TO HAVE BOTH FACT SHEETS  
AVAILABLE  
FOR RELEASE TOMORROW MORNING. URGENTLY REQUEST  
YOUR COMMENTS, CHANGES AND CLEARANCES.

2. FACT SHEET NUMBER 1.  
BEGIN QUOTE: FACTSHEET - NEW PANAMA CANAL TREATY -  
PURPOSE. THE NEW AGREEMENT WILL REPLACE THE U.S.-PANAMA  
TREATY OF 1903, WHICH HAS GOVERNED CANAL OPERATIONS  
SINCE THE WATERWAY'S CONSTRUCTION, AND SUBSEQUENT AMEND-  
MENTS. THE EXISTING SYSTEM. UNDER THE 1903 TREATY, THE  
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U.S. HAS TOTAL CONTROL OF CANAL OPERATIONS. THE U.S. ALSO  
ADMINISTERS THE CANAL ZONE -- AN AREA OF PANAMANIAN  
TERRITORY FIVE MILES WIDE ON EITHER SIDE OF THE CANAL. IN  
THIS AREA WE HAVE THE RIGHTS IN PERPETUITY TO ACT "AS-IF-  
SOVEREIGN." THIS ARRANGEMENT, NOT INCONSISTENT WITH  
INTERNATIONAL STANDARDS AT THE TIME THE 1903 TREATY WAS  
CONCLUDED, IS CLEARLY OUT OF TUNE WITH THE TIMES TODAY. IT

IS DEEPLY RESENTED IN PANAMA AND IS A LIABILITY IN OUR RELATIONS WITH LATIN AMERICA AND WITH MANY OTHER NATIONS OF THE WORLD.

BASIC U.S. OBJECTIVES. IN NEGOTIATING A NEW TREATY UNDER FOUR PRESIDENTS, THE PREPONDERANT U.S. NATIONAL INTEREST HAS BEEN TO ASSURE THAT THE CANAL REMAINS EFFICIENTLY OPERATED, SECURE, NEUTRAL, AND OPEN TO ALL NATIONS ON A NON-DISCRIMINATORY BASIS. FUNDAMENTAL TO THIS OBJECTIVE IS THE CONTINUED COOPERATION OF PANAMA.

THE NEW AGREEMENT. THE NEW AGREEMENT WILL INCLUDE THE FOLLOWING PROVISIONS:

-- CANAL DEFENSE. THE UNITED STATES WILL HAVE PRIMARY RESPONSIBILITY FOR THE CANAL'S DEFENSE DURING THE TREATY'S TERM. PANAMA WILL PARTICIPATE.

-- CANAL OPERATION. THE UNITED STATES WILL HAVE RESPONSIBILITY FOR CANAL OPERATIONS DURING THE TERM OF THE TREATY. IT WILL POSSESS ALL NECESSARY RIGHTS AND WILL ACT THROUGH A UNITED STATES GOVERNMENT AGENCY. A POLICY LEVEL BOARD OF FIVE AMERICANS AND FOUR PANAMANIAN WILL SERVE AS THE BOARD OF DIRECTORS. UNTIL 1990, THE

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CANAL ADMINISTRATOR WILL BE AN AMERICAN AND THE DEPUTY ADMINISTRATOR A PANAMANIAN. THEREAFTER, HE ADMINISTRATOR WILL BE PANAMANIAN AND THE DEPUTY, AMERICAN. ALL CANAL

OFFICIALS WILL BE APPOINTED BY THE UNITED STATES, BUT THERE WILL BE INCREASING PANAMANIAN PARTICIPATION AT ALL LEVELS.

-- CANAL OPERATING AND DEFENSE AREAS. WHILE THE CANAL

ZONE AS SUCH WILL CEASE TO EXIST, THE UNITED STATES WILL CONTINUE TO HAVE ACCESS TO, AND THE RIGHTS TO USE, ALL LAND AND WATER AREAS AND INSTALLATIONS NECESSARY FOR THE OPERATION, MAINTENANCE AND DEFENSE OF THE CANAL DURING THE TREATY PERIOD.

-- NEUTRALITY. PANAMA AND THE UNITED STATES WILL MAINTAIN A REGIME PROVIDING FOR THE PERMANENT NEUTRALITY OF THE CANAL INCLUDING NON-DISCRIMINATORY ACCESS AND TOLLS FOR MERCHANT AND NAVAL VESSELS OF ALL NATIONS. UNITED STATES

AND PANAMANIAN WARSHIPS WILL BE ENTITLED TO EXPEDITIOUS  
PASSAGE OF THE CANAL  
AT ALL TIMES. OUR FREEDOM OF ACTION  
TO MAINTAIN THE CANAL'S NEUTRALITY IS NOT LIMITED BY THE  
TREATY.

-- ECONOMIC ARRANGEMENTS. DURING THE TREATY'S LIFE  
PANAMA WILL RECEIVE AN ANNUAL PAYMENT TO PANAMA FROM TOLL

REVENUES OF 30 CENTS (TO BE ADJUSTED PERIODICALLY FOR  
INFLATION) PER PANAMA CANAL TON TRANSITING THE CANAL.  
PANAMA WILL ALSO RECEIVE A FIXED SUM OF \$10 MILLION PER  
ANNUM, PLUS AN ADDITIONAL \$10 MILLION IF CANAL REVENUES

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PERMIT. IN ADDITION, THE UNITED STATES WILL COOPERATE  
WITH PANAMA, OUTSIDE THE TREATY, TO PROMOTE PANAMA'S  
DEVELOPMENT AND STABILITY. TO THIS END, THE UNITED  
STATES IS PREPARED TO INITIATE WITH PANAMA LOANS AND  
GUARANTEES OF UP TO \$345 MILLION OVER THE NEXT SEVERAL  
YEARS, TO BE IMPLEMENTED UNDER EXISTING STATUTORY PROGRAMS.

-- SEA-LEVEL CANAL. PANAMA AND THE UNITED STATES COMMIT  
THEMSELVES JOINTLY TO STUDY THE FEASIBILITY OF A SEA-LEVEL  
CANAL AND, IF THEY AGREE THAT SUCH A CANAL IS NECESSARY,  
TO NEGOTIATE MUTUALLY AGREEABLE TERMS FOR ITS CONSTRUCTION.

-- JURISDICTION. PANAMA WILL ASSUME GENERAL TERRITORIAL  
JURISDICTION OVER THE PRESENT CANAL ZONE AT THE TREATY'S  
START. THERE WILL  
BE A THREE-YEAR PERIOD FOR PHASING  
DOWN U.S. CRIMINAL JURISDICTION OVER U.S. CITIZENS.

-- DURATION. THE BASIC TREATY WILL TERMINATE ON DECEMBER  
31, 1999. OUR MILITARY PRESENCE WILL CEASE AT THE TREATY'S  
END.

-- U.S. CITIZEN EMPLOYEES. PROVISION IS MADE TO PROTECT  
THE RIGHTS AND INTERESTS OF AMERICAN CITIZENS EMPLOYED  
BY THE CANAL ENTERPRISE. CHRISTOPHER

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## Message Attributes

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**Decaption Note:** 25 YEAR REVIEW  
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**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 22 May 2009  
**Disposition Event:**  
**Disposition History:** n/a  
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**Enclosure:** n/a  
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**To:** PANAMA  
**Type:** TE  
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**Review Markings:**  
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